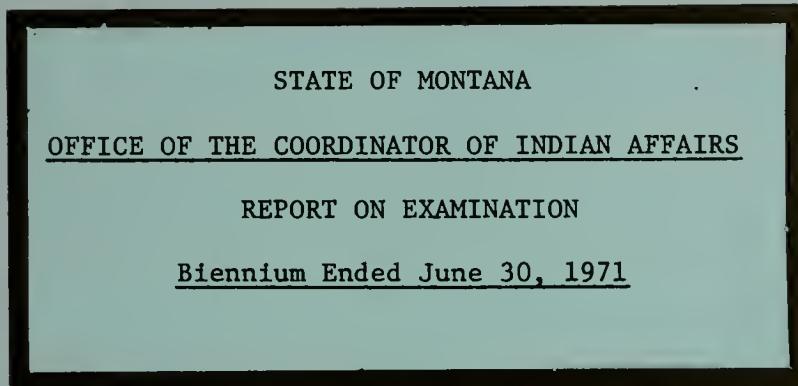


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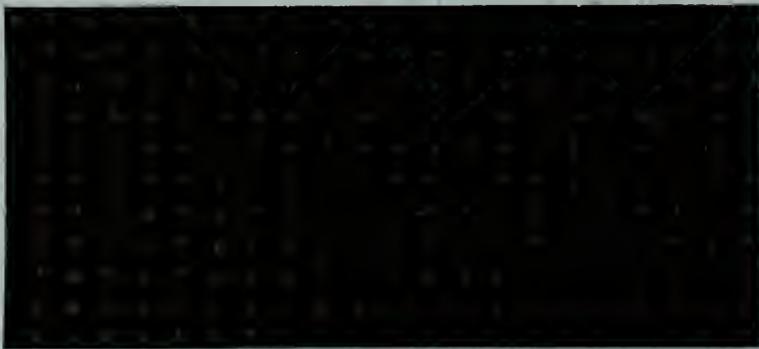


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STATE OF MONTANA

OFFICE OF THE COORDINATOR OF INDIAN AFFAIRS

REPORT ON EXAMINATION

Biennium Ended June 30, 1971

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APPOINTIVE OFFICIALS

Coordinator of Indian Affairs

Harold J. Boyd ⁽¹⁾

(1) Mr. Boyd's appointment terminated June 30, 1971. In July 1971, Mr. Boyd had not been reappointed and the office had received no source of financing for the 1971-72 fiscal year.

SUMMARY OF RECOMMENDATIONS

Page

The state controller review and amend existing instructions relating to the preparation of travel claims, evaluate the adequacy of travel claims on an agency by agency basis, and give more pre-audit attention to those agencies tending to have problems in presenting for payment properly completed and accurate travel claims.

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STATE OF MONTANA
Office of the Legislative Auditor
STATE CAPITOL
HELENA, MONTANA 59601

The Legislative Audit Committee
of the Montana State Legislature:

We have examined the balance sheet of the Office of the State Coordinator of Indian Affairs as of June 30, 1971, and the related statements of operations as set forth in the table of contents in this report, for the biennium then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

The financial statements have been prepared on the cash basis of accounting and do not show the financial position or operating results as do statements prepared on the modified accrual basis in accordance with generally accepted accounting principles applicable to governmental units.

The office did not maintain a general ledger, utilize the double entry system of accounting, or prepare annual financial statements. The accompanying financial statements were prepared from detail records of the office and the Office of the State Controller.

The Office of the Coordinator of Indian Affairs has historically been financed by appropriations from the General Fund. The office was not appropriated any money for the 1971-73 biennium by the 42nd Legislative Assembly. The coordinator's term of office expired June 30, 1971, and neither he nor a replacement has been appointed to fill the vacancy.

Accordingly, the office is not currently operative as of the writing of this report in July 1971. Control of the office's assets, supplies, and records was assumed by the State Department of Administration as of July 1, 1971.

In our opinion, subject to the above exceptions, the accompanying financial statements present fairly the financial position of the Office of the State Coordinator of Indian Affairs as of June 30, 1971, and the results of its operations for the biennium then ended, in conformity with generally accepted governmental accounting principles applied on a basis consistent with that of the preceding biennium.

We submit the financial statements listed in the preceding table of contents together with the following comments.

COMMENTS

GENERAL

The Office of the State Coordinator of Indian Affairs was created by legislative enactment in 1951. The act is currently codified in Title 82, Chapter 27, R.C.M. 1947. The statute provides for the appointment of a coordinator to a four-year term by the governor from a list of five qualified persons submitted by the tribal council of the respective Indian tribes in Montana. The coordinator in office for the 1969-71 biennium was appointed in July 1968, to serve the remaining term ending June 30, 1971, of the former coordinator.

The statutes provide that the primary purpose of the coordinator of Indian affairs is to assess the problems of all Indians, particularly Indians living off the reservations, and to seek ways and means of communicating their opinions and needs to the appropriate agency. In addition, the coordinator's function is to actively assist the Indians in organizing and act as a representative and spokesman for such organized bodies, whether on reservations or off reservations, whenever such assistance is required.

As previously indicated, the office ceased to function as of July 1, 1971, because of non-appointment of a coordinator and lack of financing. The office was located in the capitol complex in Helena and consisted of two personnel - the coordinator and a secretary.

ACCOUNTING SYSTEM AND FINANCIAL STATEMENTS

The Office of the Coordinator of Indian Affairs did not maintain a general ledger, utilize the double entry system of accounting, or prepare year-end financial statements.

A general ledger should be maintained and posted on a monthly basis to properly denote changes and balances of the assets and accounts balance

and the accumulated revenues and expenditures for the year. The general ledger should be posted monthly from the books of original entry, reflecting the various transactions.

The double entry system should be utilized to keep the accounts in balance, show the dual effect upon each financial transaction, and provide the basis for preparation of accurate and complete financial statements and reconciliations.

Financial statements are basic to show the results of each agency's operations and its financial position at year-end. The state controller is in the process of establishing the bases for the content, format, and instructions for preparation of the financial statements to be prepared by state agencies in the future.

EMPLOYEE ATTENDANCE RECORDS

The coordinator's office personnel/payroll procedures did not provide for the maintenance of records relating to employees' attendance or of their time off earned and taken for vacation, sick leave, and overtime. The maintenance of attendance records is basic as a support for payment of employees' salaries. The maintenance of records showing employees' vacation, sick leave, and overtime earned, time taken off, and balance is essential to readily determine that time taken off by an employee was earned. We believe these records must be maintained for proper administration of any state agency.

In June 1971, the state controller issued Management Memo 71-8, constituting uniform sick leave regulations pursuant to Chapter 93, Session Laws of 1971. Included in these regulations is a "Employee Leave Record" form that, if maintained currently from properly completed and approved attendance reports, should provide the necessary information relating to employees' leave.

CONTROL OVER EQUIPMENT

The coordinator's office did not maintain basic records to adequately account for its equipment during the biennium. No control accounts or detail ledgers were maintained. The equipment balance reported in the financial statements of this report to a large extent represents estimated values, since information as to the cost and source of financing was not available. This information should be available from control accounts and detail ledgers maintained on a current basis and presented in year-end financial statements.

Since the coordinator's office ceased to function as of June 30, 1971, the General Services Division of the State Department of Administration has assumed control of the office's equipment.

TRAVEL EXPENSE

In our review of the travel expense of the coordinator's office for the biennium, we noted many instances where travel claims were incorrectly computed, incorrect rates were used based upon the reported time of departure and return, information on the travel claims was in conflict with other available information, and the travel claims lacked sufficient information to explain the basis for some of the amounts paid by the state.

Based upon our findings, on June 30, 1971, the Office of the Attorney General served the coordinator with a demand for reimbursement to the state of \$348.65 for incorrectly paid travel expenses during the 1969-71 biennium. On July 1, 1971, the coordinator delivered a cashier's check for \$348.65 payable to the state. This check was deposited by the Attorney General's Office on July 1, 1971, to the General Fund.

Errors and other deficiencies of the volume noted in our audit of the coordinator's office travel claims indicate a lack of knowledge or concern on the part of the employees preparing and approving the claims. They also illustrate a deficiency in the State Controller's Office pre-audit of travel claims. Because of the high percentage of errors and other deficiencies noted in the coordinator's travel claims, and similar situations noted in other agencies and pointed out in previous audit reports issued by this office, we believe the State Controller's Office should review existing instructions relating to the preparation of travel claims and revise that office's pre-audit procedures to improve the accuracy of the claims being paid for travel reimbursements. The implementation of such procedures, in our opinion, should include an agency-by-agency review of travel claims to identify those agencies that are having problems in preparing the claims correctly and to identify the type of deficiencies that are the most common. Upon making these determinations, existing instructions could be amended to emphasize the areas where the agencies need to improve their preparation of the claims. The controller's office could also work more closely with the agencies that have trouble in accurately completing the claims.

A factor that should be a significant aid in this process is that executive reorganization, currently in progress, should result in the claims being reviewed and approved by fewer personnel in the agencies than at present, and these personnel will have the function as one of their specialized duties. This should result in their having more knowledge as to the requirements for a properly completed travel claim than currently exists with the large number of agencies submitting the claims directly to the controller's office for payment.

RECOMMENDATION

We recommend that the state controller review existing directions regarding the preparation of travel claims, make an evaluation of the adequacy of the travel claims submitted by each state agency, amend existing instructions where appropriate to emphasize correcting the problem areas, and apply more pre-audit emphasis to the travel claims of those agencies consistently having trouble submitting accurate claims until the problems are corrected.

CONCLUSION

The comments and recommendations contained in this report have been discussed with the coordinator of Indian affairs and other appropriate state officials. We wish to express our appreciation to them for their cooperation and assistance.

Respectfully submitted,

Morris L. Brusett

Morris L. Brusett
Legislative Auditor

July 26, 1971

OFFICE OF THE COORDINATOR OF INDIAN AFFAIRS
ALL FUNDS
BALANCE SHEET
June 30, 1971

ASSETS

Equipment \$2,854

RESERVES

Reserve for Investment in Fixed Assets \$2,854

OFFICE OF THE COORDINATOR OF INDIAN AFFAIRS

GENERAL FUND

STATEMENT OF CHANGES IN FUND BALANCE

Biennium Ended June 30, 1971

Fund Balance, July 1, 1969	\$ -0-
Additions:	
1969-71 Appropriations	<u>45,874</u>
Total Balance and Additions	45,874
Deductions:	
Expenditures - Exhibit C	\$45,548
Appropriation Reversions	<u>326</u> <u>45,874</u>
Fund Balance, June 30, 1971	<u>\$ -0-</u>

OFFICE OF THE COORDINATOR OF INDIAN AFFAIRS
GENERAL FUND
STATEMENT OF EXPENDITURES COMPARED WITH APPROPRIATIONS
 Biennium Ended June 30, 1971

	<u>1969-70</u>	<u>1970-71</u>	<u>Total</u>
<u>Personal Services</u>			
Appropriation	\$16,216	\$17,061	\$33,277
Expenditures	<u>15,927</u>	<u>17,060</u>	<u>32,987</u>
Reversion	<u>\$ 289</u>	<u>\$ 1</u>	<u>\$ 290</u>

	<u>1969-70</u>	<u>1970-71</u>	<u>Total</u>
<u>Operation and Capital</u>			
Appropriation	\$ 6,216	\$ 6,381	\$12,597
Expenditures	<u>6,181</u>	<u>6,380</u>	<u>12,561</u>
Reversion	<u>\$ 35</u>	<u>\$ 1</u>	<u>\$ 36</u>

ANALYSIS OF EXPENDITURES

	<u>1969-70</u>	<u>1970-71</u>	<u>Total</u>
<u>Personal Services:</u>			
Salaries	\$14,874	\$15,778	\$30,652
Employee Benefits	<u>1,053</u>	<u>1,282</u>	<u>2,335</u>
Total	<u>15,927</u>	<u>17,060</u>	<u>32,987</u>

	<u>1969-70</u>	<u>1970-71</u>	<u>Total</u>
<u>Operating Expenses:</u>			
Supplies and Materials	466	795	1,261
Communications	849	1,001	1,850
Travel	4,034	4,070	8,104
Contracted Services	40	452	492
Repairs and Maintenance	<u>52</u>	<u>62</u>	<u>114</u>
Total	<u>5,441</u>	<u>6,380</u>	<u>11,821</u>

	<u>1969-70</u>	<u>1970-71</u>	<u>Total</u>
<u>Capital:</u>			
Equipment	740	--	740
Total	<u>\$22,108</u>	<u>\$23,440</u>	<u>\$45,548</u>

OFFICE OF THE COORDINATOR OF INDIAN AFFAIRS
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
Biennium Ended June 30, 1971

Equipment - Balance, July 1, 1969 \$2,266

Additions:

Equipment Purchases 588

Equipment - Balance, June 30, 1971 \$2,854

